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ABSTRACT

This brief handbook provides a set of exercises that instructors can use if they decide to incorporate cultural diversity topics into a macroeconomics principles course. It is hoped that this guidebook will: (1) help instructors grapple with any curriculum changes in macroeconomics that require a cultural diversity segment; and (2) sensitize instructors to the role that culture plays in economic behavior. The exercises attempt to: (1) make students aware of the importance of culture and its impact on economic theory and policy; and (2) make students conscious of the fact that individual economic behavior can widely differ because of cultural influences that stem from race, ethnic, religious, age, and gender origins. These 28 exercises each cover a topic that is normally found in a macroeconomics principles course, such as exchange systems, gross domestic product, and monetary and fiscal policy. In most cases, some background material is provided for each subject, along with group exercises and essays that can be used to stimulate discussion or to be used as part of assignments or exams. Some sample evaluation instruments are also enclosed along with the syllabus used for the course and a bibliography is included that focuses on economic anthropology and economic sociology reference works. (VWC)

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ED 435 423

INFUSING CULTURAL DIVERSITY INTO THE COMMUNITY COLLEGE MACROECONOMICS PRINCIPLES COURSE: SOME SUGGESTED ESSAYS AND GROUP WORK EXERCISES FOR STUDENTS

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November, 1999

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November 10, 1999

TO: Bonnie Gray, Coordinator
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Maricopa County Community College District (MCCCD)

FROM: Michael C. Petrowsky, Professor of Economics
Glendale Community College

SUBJECT: Incorporating Cultural Diversity into the Macroeconomics Principles Course & Completion of Contract Requirements

You will find enclosed a report titled: *Infusing Cultural Diversity into the Community College Macroeconomics Principles Course: Some Suggested Essays and Group Work Exercises for Students.* The document covers 24 topical areas in macroeconomics and emphasizes cultural diversity through background material, group exercises, and essays that can be used for either assignments or for discussion. The monograph also contains sample evaluation instruments, the syllabus for the course, and a bibliography that can be used for subsequent reading and research at the community college level.

It is hoped that this humble effort will prove a welcome addition to MCCCD's Diversity Curriculum Project, and that it will generate future work and progress in this area.

INTRODUCTION

This brief handbook provides a set of exercises that instructors can use if they decide to incorporate cultural diversity topics into a macroeconomics principles course. As such, the monograph is not designed to supplant the usual text book material in economics. Nor is it meant to instruct practitioners (including students) in the finer points of cultural diversity theory and practice. Rather, it is hoped that this guidebook will (1) help instructors to grapple with any curriculum changes in macroeconomics that require a cultural diversity segment, and (2) sensitize instructors to the role that culture plays in economic behavior.

Of particular concern is the second point. While economists have largely taken culture as a fixed constraint (the *ceteris paribus* assumption), it is obvious that the wider culture does shape, mold and influence economic behavior in remarkable and (often) unforeseen ways. As an example, expectations and incentives contain a large cultural component which obviously affects macroeconomic variables to a surprising degree. Many of our institutions that carry out economic policy, moreover, are also not immune to cultural influences when operating on the normative level.

Economic anthropologists (and to a lesser extent economic sociologists) have long recognized the importance of culture by referring to the *embeddedness* of economic activity. This simply means that the economy is seen as being embedded in the larger

society, so that economic behavior has to be explained within the constraints of a given social and political system. While this has obvious implications for the institutional and theoretical side of macroeconomics , it also affects the choice/opportunity calculus that is integral to microeconomic theory as well, for many of our choices are guided by price and non price values. And it is these latter values, obviously, which have a large cultural component that impact on behavioral choice.

It is in this sense that the enclosed exercises attempt to (1) make students aware of the importance of culture and its impact on economic theory and policy, and (2) make students conscious of the fact that individual economic behavior can widely differ because of cultural influences that stem from race, ethnic, religious, age, and gender origins. The 28 exercises included in this handbook each cover a topic that is normally found in a macroeconomics principles course. In most cases, some background material is provided for each subject along with group exercises and essays that can be used to either stimulate discussion or that can be used as part of assignments or exams. Some sample evaluation instruments are also enclosed along with the syllabus used for the course. Finally, a bibliography is included that focuses on economic anthropology and economic sociology reference works. You may find these books to be quite useful in the joint areas of culture and economic behavior.

INFUSING CULTURAL DIVERSITY INTO THE COMMUNITY COLLEGE MACROECONOMICS PRINCIPLES COURSE: SOME SUGGESTED ESSAYS AND GROUP WORK EXERCISES FOR STUDENTS

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I.

GETTING TO KNOW OUR DIFFERENCES: PRE ECONOMICS DIVERSITY EXERCISES

OUR CULTURAL & ECONOMIC DIVERSITY
I. OUR DIFFERENT CULTURAL BACKGROUNDS

PURPOSE:

To explore the meaning of culture.

BACKGROUND:

Discuss with the class the possible definitions of culture. Conclude the discussion with a standard definition of culture as used in the social sciences. One example, from *Webster's New Collegiate Dictionary* (5th edition), is: "(a) the integrated pattern of human behavior that includes thought, speech, action and artifacts and depends upon man's capacity for learning and transmitting knowledge to succeeding generations; and (b), the customary beliefs, social forms, and material traits of a racial, religious or social group."

GROUP WORK:

Ask the members in each group to discuss some cultural elements in their backgrounds that are not known or held in the wider society. This could include food, dress, or language, or less visible things such as values, beliefs, attitudes, perceptions and communication styles.

ESSAY QUESTION:

Discuss some cultural element in your background that is not found in the wider population. How does this affect your behavior as a consumer? As a worker? As a student?

OUR CULTURAL AND ECONOMIC DIVERSITY
II: OUR WORK LIVES

PURPOSE:

To understand division of labor and related forms of specialization in daily life within a cultural diversity context.

BACKGROUND:

Briefly discuss the concept of division of labor in a modern economy. Explain the advantages (increased productivity) and disadvantages (boredom, alienation, etc.) of this phenomenon. Examples used here might include the famous pin factory illustration from Adam Smith's *The Wealth of Nations*, the movie *Modern Times* with Charlie Chaplin, as well as the candy factory skit from the old "*I Love Lucy Show*."

GROUP WORK:

Ask the members of each group to explain to each other, in some detail, what they do to earn a living. While an individual student explains his/her job, the other students should be writing down a summary of what that particular student is saying. When all students have finished describing their jobs, a discussion can then begin on whether these summaries or first impressions were accurate.

ESSAY QUESTIONS:

1. What do these jobs have in common? How do they differ?
2. Were there some job descriptions that you simply did not understand? If so, what does that say about the complexities of a modern industrial society?
3. Were there some job descriptions that you liked or disliked? If so, why?
4. Evaluate the following statement: "You are what you do."

OUR CULTURAL AND ECONOMIC DIVERSITY
III: CAREER GOALS

PURPOSE:

To appreciate the cultural diversity that is inherent in a career.

BACKGROUND:

The choice of a career frequently depends on the value that we place on (1) employment security, (2) income and future income (promotions), and (3) job satisfaction. Needless to say, these three values frequently clash, making for difficult choices. Briefly go over this with the class by also noting the role that culture plays in ascribing value to these 3 variables.

GROUP WORK:

Ask the members of each group to state their career goals with reference to the three values noted above. Then ask each member to assess the *others'* choices. After each member has made this assessment, a discussion can then begin on the nature of these assessments.

ESSAY QUESTIONS:

1. What elements in your cultural background (race, religion, gender, age, ethnic background) have had an impact on your career choice?

2. If you have recently made a career change, why?

OUR CULTURAL & ECONOMIC DIVERSITY
IV: HOW WE SPEND MONEY

PURPOSE:

To illustrate how our cultural background affects our spending habits.

BACKGROUND:

Our cultural background affects the way we spend money. While we all have to spend money on such basic necessities as food, clothing, and shelter, the way each of us does this is surprisingly different.

GROUP WORK:

Ask members in each group to write down, in relative percentages, the amount of money that they spend on such things as food, clothing, shelter, entertainment, child care, and education. A discussion should then ensue on these differences and similarities.

ESSAY QUESTIONS:

1. Discuss the impact that your cultural background has on your consumption expenditures.

II.

DIVERSITY EXERCISES FOR MACROECONOMICS

THE DEFINITION OF ECONOMICS

PURPOSE:

To provide participants the opportunity to identify the extent to which cultural differences impact on the standard definition of economics.

BACKGROUND:

Place the definition of economics on the blackboard. Economics: a social science concerned chiefly with the way society chooses to use its limited, scarce resources (land, labor, capital) which have alternative uses, to produce, exchange and consume goods and services for present and future consumption.

GROUP WORK:

Ask each group to identify the various ways in which cultural differences impact on the definition of economics by providing at least three examples that reflect national, race, class, age, religious, ethnic or other aspects of cultural diversity.

ESSAY QUESTIONS:

1. Given your cultural background, which aspect of this definition has the most significance for you?

2. Do a compare and contrast between yourself and a close friend on the significance of this definition. What aspects of your cultural background (and that of your friend) show the sharpest differences? A commonality?

CULTURE AND CHOICE

PURPOSE:

To understand the role that culture plays in our choices.

BACKGROUND:

Scarcity frequently forces choices, which then generates behavior. But in back of our choices there are usually a set of values (both price and non price) which guide these choices. Non price values frequently reflect culture.

GROUP WORK:

Participants in each group should select three behaviors which have been generated by choices. The first behavior should reflect a choice that is guided by price values; the second behavior should reflect a choice that is guided by a non price value; and the third behavior should result from a choice that reflects both price and non price values. Individual groups will then compare and contrast their examples.

ESSAY QUESTIONS:

1. How many of your choices in a day are guided by price values? By non price values? By a combination of the two?

2. Indicate three ways in which your non price values impact on the choices you make in the market place.

3. Analyze a recent purchase you have made in the past. How much of this purchase was influenced by non price values? If it was, indicate how these non price values may reflect your culture in terms of your race, religion, gender, age, etc.

4. Analyze the following statement by George Elliot:

   " The strongest principle of growth lies in human choice."

POSITIVE VERSUS NORMATIVE ECONOMICS

PURPOSE:

To explore the role that culture plays in the positive versus normative distinction.

BACKGROUND:

Briefly review the distinction between positive economics and normative economics.

GROUP WORK:

Ask each group to prepare a list of five positive economics statements and five normative statements. For the normative statements, ask each group to identify one or more cultural values that are behind the statement. Ask a member of each group to place these statements on the blackboard.

ESSAY QUESTIONS:

1. In what ways do cultural values impact on normative economics and hence on public policy?

2. Is it possible that some statements in positive economics actually contain (unexpressed) cultural values? Explain.

CULTURE, TEAMWORK, AND THE FALLACY OF COMPOSITION

PURPOSE:

To explore the cultural components that are behind the fallacy of composition.

BACKGROUND:

A person commits the fallacy of composition when he/she assumes that what is true for the parts of a whole is also true for the whole itself. (Hiring the best baseball players does not necessarily give you the best team.) The "paradox of thrift" is the best economics example of this fallacy.

GROUP WORK:

Ask each group to analyze the factors that make groups work, with specific emphasis on diversity issues. In what way(s) does culture make groups productive? In what ways unproductive?

ESSAY QUESTIONS:

1. In what sense does the fallacy of composition give an explicit role to the impact of culture?

2. How might culture prevent or mitigate the paradox of thrift?

THREE FUNDAMENTAL ECONOMIC QUESTIONS

PURPOSE:

To appreciate the relationship between culture and the three fundamental economic questions.

BACKGROUND:

Briefly review the three fundamental economic questions which are:

- What goods and services should society produce?
- How shall it be produced?
- For whom shall the goods be produced?

GROUP WORK:

Assign each group one of the questions. Then ask each group to explore the ways in which culture affects the question, using class, religion, age, race, and gender as variables.

ESSAY QUESTIONS:

1. Given your cultural background, how would you change the way in which the three questions are addressed in our economy?

2. Analyze your work environment at work in terms of the second question. What cultural values are being expressed either implicitly or explicitly?

CULTURE & OPPORTUNITY COST

PURPOSE:

To understand how the concept of opportunity cost is affected by cultural values.

BACKGROUND:

Discuss what economists mean by opportunity cost. Review the definition. (I.e., the value or benefit that you give up by choosing one alternative over another.)

GROUP WORK:

Ask each group to analyze the opportunity costs that were involved in taking this class. How are these opportunity costs impacted by cultural values? Discuss the array of culturally diverse values that are in your group. Identify the cultural elements that would raise the opportunity cost of taking this course. What cultural values would lower the opportunity cost?

ESSAY QUESTIONS:

1. Analyze the following statement by the economist Frank H. Knight:

   "Costs merely register competing attractions."

   What role does cultural diversity play in this?

2. Discuss a situation with a friend in which you both made different decisions. Analyze how each of you assessed the opportunity costs behind the decisions. How did age, race, gender, and religion factor into this?

ECONOMIC SYSTEMS: PRIVATE PROPERTY

PURPOSE:

To see how culture affects our views of public and private property rights.

BACKGROUND:

Briefly review the text definition of an economic system which "is the property rights, resource allocation arrangements, and incentives that a society uses to solve the economic problem." Follow this by a discussion of capitalism and socialism.

GROUP WORK:

Ask each group to discuss the ways in which property rights are culturally determined. Discuss the continuum that different societies have in terms of public and private ownership of the means of production and distribution. Make up a list of what society (government) should own, produce and distribute, versus what private individuals should own, produce, and distribute. How do your cultural values affect this classification?

ESSAY QUESTIONS:

1. In terms of your own cultural background, try to illustrate how your race, class, age, gender, or religion affects your concept of private property versus public ownership of the means of production and distribution.

2. Should our public schools be privatized? Discuss.

ECONOMIC SYSTEMS: INCENTIVES

PURPOSE:

To illustrate how incentives are in part culturally determined , thus resulting in a diversity of incentive structures.

BACKGROUND:

A capitalistic system is driven by self interest and economic individualism which is perhaps best illustrated in the movie *Wall Street* starring Kirk Douglas. But other incentives, such as altruism, idealism, and pride in craft, are frequently evident as alternative incentives.

GROUP WORK:

Each group should discuss why they work and what they are looking for in a future job and career. Ask each group to make distinctions between monetary and non monetary incentives. After noting the differences, each group should speculate on how their cultural differences impact on their incentive structures.

1. Imagine two jobs. The first job pays $200,000 a year but is boring and requires that you work 60 hours per week. The second job pays $50,000 a year, is interesting and creative, and requires a 40 hour work week. Which job would you choose? What elements in your cultural background have influenced your choice?
2. Evaluate the following statement in terms of culture and incentives:

   "What doth it profit a man to gain the world but lose his soul?"

3. It is often said that monetary factors frequently drive out non monetary (cultural) factors. With this in mind, address the statement made by Joseph Schumpeter, a famous economist who lived in the first half of the 20th century:

   "Capitalism creates a critical frame of mind which, after having destroyed the moral authority of so many other institutions, in the end turns against its own."

EXCHANGE SYSTEMS

PURPOSE:

To understand the relationship between culture and exchange systems.

BACKGROUND:

Goods and services can be exchanged in a variety of ways. First, there is the market, where goods are bought and sold using the price mechanism. Second, exchange can also occur using some type of reciprocity, such as the exchanging of gifts. And third, exchange can occur through some type of redistribution institution such as the family, church, government, etc.

GROUP WORK:

From the standpoint of your cultural background, evaluate the following situations:

1. Indicate how a $100,000 tax cut from the government differs from a $100,000 gift from a family member or friend.

2. Evaluate Christmas, Valentine's Day, and a bridal shower from an exchange system's perspective.

3. Assume that you are poor and desperately need $1000 a month to live on for you and your family. Assess your feelings about this in terms of whether this income comes from the government, your relatives, your church, student loans, or a work study program. How does your cultural background impact on your assessment of this?

ESSAY QUESTION:

1. From the standpoint of your culture, indicate the extent to which your daily exchanges are dominated either by the price mechanism, reciprocity, or (redistribution) institutions.

EQUILIBRIUM PRICE & HAGGLING

PURPOSE:

To explore the role that culture plays in negotiating over prices (or in accepting prices as given.)

BACKGROUND:

In a competitive market, an equilibrium price is determined through the interaction of supply and demand –i.e., where quantity demanded equals quantity supplied. For most of us, we accept the prices in the market as given – we either buy or not buy at the stated price. But in some markets, and in many cultures, haggling (negotiating over prices) occurs.

GROUP WORK:

Each group should identify at least three situations (market transactions) in which it is felt that haggling is either appropriate or inappropriate. In making this assessment, be sure to specify the cultural factors that were behind the judgment.

ESSAY QUESTIONS:

1. Analyze the last time you haggled over a price in a store. What elements in your cultural background made you do this?

2. Analyze the last time you wanted a product or service in a store but felt that the price was too high and then walked away. Why didn't you haggle over the price? What characteristics of your cultural background may have prevented you from negotiating?

3. Imagine that you are standing in line at a movie theater. The customer at the ticket window begins to haggle with the cashier over the ticket price. Describe the possible reactions of the other people in the line.

SALES & SHORTAGES: THE CULTURE OF CONSUMER BEHAVIOR

PURPOSE:

To appreciate the cultural context in which we perceive sales and shortages of goods and services in the economy.

BACKGROUND:

The law of demand states that the quantity demanded of a good varies inversely with its price, so that when a product is placed on sale, and the price is subsequently reduced, we should expect to see sales of the product increase. Yet different cultures (and subcultures) will react to a sale in a myriad of ways.

GROUP WORK:

From the newspapers, identify several items that have been noticeably marked down in price for a limited time. Then discuss with the merchants the nature of the consumer response. Are there noticeable differences along age, race, class, gender and religious dimensions? What role has culture played in the sales response?

ESSAY QUESTIONS:

1. From your past experience, try to recall situations in which you were excited by a sale but your friends were not. Why did this happen?

2. Suppose you were told that next week there would be a serious shortage of fruits and vegetables. How would you react? How would your friends react?

UNEMPLOYMENT

PURPOSE:

To explore the ways in which culture shapes our view of unemployment.

BACKGROUND:

Define the unemployment rate. Discuss frictional, structural, and cyclical unemployment. Give examples of how the unemployment rate varies by age, race and gender. While the definition of unemployment is largely technical and a problem of measurement, how we *perceive* the unemployed depends, in large part, on cultural factors.

GROUP WORK:

Participants in each group should try to identify at least one of their friends or relatives who are unemployed. An assessment should be made as to why you think those people are unemployed versus why you think people in general are unemployed. Do your perceptions vary depending on the age, race, or gender of the unemployed? Analyze the factors in your cultural background that lead to these distinctions.

ESSAY QUESTIONS:

1. What part does culture play in the "discouraged worker" effect?

2. Discuss why unemployment rates vary by age, race, and gender.

GROSS DOMESTIC PRODUCT

PURPOSE:

To appreciate the part that culture plays in computing GDP.

BACKGROUND:

Define Gross Domestic Product (GDP). Discuss the technical problems involved in measuring GDP, with specific reference to production that is included and excluded. Cultural factors may play a role here.

GROUP WORK:

Group members should try to identify at least three examples where production of goods and services has occurred but it is not included in GDP. After identifying these areas, group members should then focus on whether this production <u>should</u> be included in GDP. Be sure to indicate the cultural factors in your background that have led to your decision.

ESSAY QUESTIONS:

1. Comparisons between countries are frequently made using real per capita GDP. In making these comparisons, it is frequently seen that the United States has a real per capita GDP that is 50 times higher than some developing countries. Discuss why these comparisons are misleading, with an emphasis on the role that culture plays in computing GDP.

2. In class, we discussed the GDP problem of when the "bachelor marries the housekeeper." Take a position on this problem.

TWO MACROECONOMIC WORLD VIEWS

PURPOSE:

To explore the ways in which your individual cultural background may predispose you towards a particular economic theory.

BACKGROUND:

For purposes of exposition, macroeconomic theory can be divided into classical theory and keynesian theory. Each theory has its own "world view" of the way capitalism operates, along with an appropriate role for government. These world views are of necessity precognitive and cannot be proven or falsified. Because of this, cultural factors play a large part in an individual's adoption of a particular theory.*

GROUP WORK:

Participants in each group should be asked to state their preference for either the keynesian or classical theory. Discussion should then focus on the elements in each participant's cultural background that may have predisposed them towards that preference. Each group should prepare a list of these factors.

ESSAY QUESTIONS:

1. Consider two people. The first person has grown up in an affluent family that has a successful business. The second person comes from a family in which there has been persistent poverty and unemployment. Which person might adopt the keynesian theory? The classical theory? Discuss in detail.

* For more on this, see Robert Heilbroner and William Miberg, **The Crisis of Vision in Modern Economic Thought**. Cambridge University Press. 1995.

THE ROLE OF GOVERNMENT

PURPOSE:

To explore the relationship between culture and how the role of the Federal government is viewed.

BACKGROUND:

Monetary and fiscal policy require that government be activist in its approach. Yet it also true that different cultures view government in a variety of ways that range from distrust to loyalty and acceptance.

GROUP WORK:

Ask the groups to use the attached sheet in order to assess their feelings about some of the functions of our national government in today's economy. Once this assessment has been completed, then ask the groups to analyze the data to see how such cultural factors as age, race, gender, ethnicity, and religion have affected this assessment.

ESSAY QUESTIONS:

1. Assess your view about the role of our national government. How has your cultural background influenced your views? To what extent has this shaped by family and friends?

2. Compare and contrast your views about the role of the Federal government with that of a close personal friend. What are the similarities? The differences?

SAVINGS & CONSUMPTION

PURPOSE:

To enable students to identify the cultural factors that impact on savings and consumption behavior.

BACKGROUND:

Review the equation Y = C + S. Then discuss the following concepts:

- APC (Average Propensity to Consume)
- APS (Average Propensity to Save)
- MPC (Marginal Propensity to Consume)
- MPS (Marginal Propensity to Save)

Point out that cultural factors play a role in the level of saving and consumption, as well as in changes in these two variables resulting from changes in income. For example, countries around the world have very different savings rates.

GROUP WORK:

Participants in each group should discuss how much they save out of their income. What role does age, race, ethnicity, religion and gender play in this? After doing this, participants should then discuss how their saving and consumption levels and patterns would change if they suddenly hit the lottery for $1,000,000.

ESSAY QUESTIONS:

1. Discuss how your savings and consumption levels are affected by the cultural factors in your background. What role does your age, race, gender, ethnicity, and religion play in this?

2. Assume that your income were to suddenly drop because you lost your job. Describe how your saving and consumption patterns would change, with specific reference to your cultural background.

THE CULTURAL DIVERSITY/CONFLICT OF WORKERS AND EMPLOYERS

PURPOSE:

To understand that workers and employers frequently express different cultural values and interests.

BACKGROUND:

People wear many hats in our economy. Some work for companies both large and small, while others have their own businesses and/or are in charge of them. Workers and employers often have different interests and even different (and often opposing) cultural values.

GROUP WORK:

Ask each group to evaluate how workers and employers might evaluate each of the following:

- A full employment, low unemployment economy.
- An economy with a moderate degree of inflation.
- A government mandated health insurance program.
- A capital gains tax cut.

ESSAY QUESTIONS:

1. Briefly indicate your position on these issues. Does your role as a worker or employer color your perspective?

2. Suppose interest rates rise. How would you react if you were a worker? An employer? A banker or creditor?

THE CIRCULAR FLOW DIAGRAM: THE CULTURAL DIVERSITY OF WORKERS AND CONSUMERS

PURPOSE:

To understand that workers and consumers frequently express different cultural values and interests.

BACKGROUND:

Review the circular flow diagram. In a modern economy, the same people are both consumers and workers. But workers and consumers frequently reflect different values and interests.

GROUP WORK:

Ask each group to evaluate how workers and consumers might evaluate each of the following:

- A government mandated health insurance program for employees.
- A rise in the minimum wage.
- Tougher health and safety standards.
- Elimination of the minimum wage.

ESSAY QUESTIONS:

1. What is your position on these issues? How do your roles as a consumer and worker affect your stand?

2. Assume that you work for an oil company. A recent shortage causes the price of oil to rise dramatically. How would you feel about this?

SHIFTS IN AGGREGATE DEMAND & SUPPLY

PURPOSE:

To explore how culture impacts on the Aggregate Demand and Aggregate Supply (short run) curves, thus affecting output, employment, income, and the price level.

BACKGROUND:

Briefly review the factors that could shift the AD and SRAS curves, paying particular attention the role that expectations and incentives have in the model. (Be careful to distinguish between movements along a given curve and an actual curve shift.)

GROUP WORK:

Ask each group to focus on, and to identify, any cultural factors that could shift the AD and SRAS curves. Are these cultural factors related in any way to the diversity inherent in age, race, gender and religion?

ESSAY QUESTIONS:

1. Indicate what cultural factors might have a expansionary effect on the economy. Explain.

2. Indicate what cultural factors might have a depressive effect on the economy. Explain.

THE FUNCTIONS OF MONEY

PURPOSE:

To understand how culture affects and shapes the functions of money.

BACKGROUND:

Briefly review the four functions of money which include:

1. Money as a medium of exchange.
2. Money as a unit or measure of value.
3. Money as a standard of deferred payment.
4. Money as a store of value.

GROUP WORK:

Ask each group to imagine a series of situations in which it is expected that they will be giving a gift to someone. Under what circumstances is it appropriate to give money? When is it inappropriate? How has culture impacted the use of money in this area? What specific aspects of your cultural background make you use or not use money in giving gifts?

ESSAYS:

1. Under what circumstances is barter appropriate? How does your cultural background affect this?

2. Describe a past situation where you have had to loan or borrow money from a friend, a family member, or a financial institution. What elements in your cultural background made this easy? Difficult?

DEPOSIT EXPANSION & THE BANKING SYSTEM

PURPOSE:

To show how culture interacts with the banking system to affect the simple money multiplier.

BACKGROUND:

Review how banks create money, with particular emphasis on the assumptions that are behind deposit expansion in the banking system.

GROUP WORK:

Discuss how people view and use banks, with particular reference to age, race, religion, gender, and ethnic factors. How might these factors increase the value of the simple money multiplier? Reduce it?

ESSAY QUESTIONS:

1. Briefly analyze how you use (if you have them!) savings and checking accounts. How does this differ from your parents? Your friends?

2. In a general way, indicate how broad changes in the culture might affect the supply of money by changing the money multiplier.

THE DEMAND FOR MONEY

PURPOSE:

To understand the relationship between culture and the demand for money.

BACKGROUND:

Discuss the three motives (precautionary, transactions, and liquidity preference [speculative]) that people have for holding money. While the textbook points out that income (Y), the price level (PL), and interest rates affect these three motives, it is probable that cultural factors come into play as well.

GROUP WORK:

Start out by exploring the general ways in which cultural factors impact on the group's demand for money. How would age, race, gender, religion and ethnicity alter or modify an individual's demand for money. Assume that income, interest rates, and the price level are constant.

ESSAY QUESTIONS:

1. Assume that we have two individuals, Harry and Sally, with identical incomes. Interest rates and the price level are also the same. Harry is present oriented yet cautious; Sally is future oriented and is a risk taker. Sketch out their respective demand for money curves.

MONETARY & FISCAL POLICY

PURPOSE:

To discuss how the diversity of culture affects your views on monetary and fiscal policy.

BACKGROUND:

Briefly review the relationship between policy issues and normative economics. Your views about monetary and fiscal policy are in large part determined by whether you are in the classical or keynesian camp. These views, however, are often preceded by your view of capitalism, which may be formed by cultural beliefs that were determined by your age, class, race, gender, and ethnic factors.

GROUP WORK:

The group should discuss its views about the appropriateness of an activist (keynesian) fiscal and monetary policy. How have cultural factors impacted on your beliefs about the stability of capitalism? And to what extent has this affected your views about monetary and fiscal policy?

ESSAY QUESTIONS:

1. Discuss how your cultural background may have affected your view of capitalism and then your subsequent views on monetary and fiscal policy.

2. Analyze the economic policies advocated by our two major political parties. What role has culture played in this?

THE PHILLIPS CURVE

PURPOSE:

To appreciate the role that culture plays in evaluating the (supposed) tradeoff between unemployment rate and the rate of inflation.

BACKGROUND:

Briefly review the concept of the Phillips curve.

GROUP WORK:

Ask each group to explore how the following people might evaluate the Phillips curve tradeoff in terms of their preferred combination of inflation and unemployment. (Place a Phillips curve on the blackboard.)

- Bankers
- The Unemployed
- Employers
- Retirees
- Wage & Salary Workers

ESSAY QUESTION:

What is your preferred combination on the Phillips curve? What elements in your background may have influenced your choice?

III.

COURSE EVALUATIONS

CULTURAL DIVERSITY & MACROECONOMIC PRINCIPLES:
COURSE EVALUATION I

1. What aspect(s) of the course that related economics and cultural diversity most intrigued you? What did you most like?

2. What aspect(s) of the course that dealt with economics and cultural diversity did you dislike?

3. What could the instructor do, for this course, that would improve the role and relationship of cultural diversity to economic theory and policy?

4. Other Comments.

CULTURAL DIVERSITY & MACROECONOMIC PRINCIPLES:
COURSE EVALUATION II

1. As a result of the course, do you feel that you are now more sensitive to the cultural backgrounds of other students?

   _____Very much
   _____ Somewhat
   _____ Not at all

2. As a result of the course, were you able to see the influence that culture plays in macroeconomic theory and policy?

   _____ Very much
   _____ Somewhat
   _____ Not at all

3. Did the cultural diversity exercises that were conducted in class help you to see relationships between economic behavior and your cultural background?

   _____ Very much
   _____ Somewhat
   _____ Not at all

4. Overall, did you find the cultural diversity exercises to be useful in sensitizing you to the role that diverse cultures play in shaping economic behavior?

   _____ Very much
   _____ Somewhat
   _____ Not at all

5. Should more or less time have been spent on the cultural diversity exercises?

   _____ More time
   _____ Less time
   _____ It was about right

6. What was your favorite cultural diversity exercise? Explain.

COURSE EVALUATION II, CONTINUED

7. What was your least favorite cultural diversity exercise? Explain.

8. What could be done to improve the cultural diversity exercises?

9. Other Comments:

CULTURAL DIVERSITY & MACROECONOMIC PRINCIPLES:
COURSE EVALUATION III

PERSONAL ASSESSMENT

In the space below, write a "letter" to me in which you indicate how this course made you more sensitive to the relationship between your cultural background and the principles of macroeconomic theory and policy. Is there any way that you now view market driven behavior differently?

Dear Mr. Petrowsky:

CULTURAL DIVERSITY AND MACROECONOMIC PRINCIPLES: WRITING ASSIGNMENT SURVEY

As you know, you were asked to select five essay questions from the cultural diversity exercises that were conducted in class and then address the topic from the standpoint of culture, your own particular background, and economic theory. The questions below ask for your thoughts on the assignment.

1. Did the assignment contribute to or help your understanding of the role that culture plays in macroeconomic theory and policy?

   _____ Very much
   _____ Somewhat
   _____ Not at all

2. As a result of the assignment, are you now more sensitive to newspaper or magazine articles that have economic and cultural significance?

   _____ Very much
   _____ Somewhat
   _____ Not at all

3. Did the group work on the cultural diversity exercises help you in preparing for or in writing the essays?

   _____ Very much
   _____ Somewhat
   _____ Not at all

4. Did the textbook and class lectures help you in preparing for or in writing the essays?

   _____ Very much
   _____ Somewhat

5. Approximately how long did it take you to complete the assignment?

   _____ 1-3 hours
   _____ 4-6 hours
   _____ over 6 hours

6. What was the most difficult part of the assignment? (Check one.)

_____ Relating my cultural background to economic principles.
_____ Trying to see the relationship between culture and economic theory.
_____ Preparing an outline of what to write.
_____ Writing the essays.

7. Were other courses that you have taken helpful to you in preparing for or in writing the essays?

_____ No
_____ Yes (Indicate below.)

8. Did you enjoy completing the assignment?

_____ Yes
_____ No

9. Overall, I learned

_____ a great deal from this assignment
_____ a few useful things from this assignment
_____ not very much from this assignment

COMMENTS:

IV.

MACROECONOMICS PRINCIPLES SYLLABUS

GLENDALE COMMUNITY COLLEGE – COURSE INFORMATION

ECONOMICS 111 MACROECONOMIC PRINCIPLES FALL 1999
HONORS

COURSE DESCRIPTION: A descriptive analysis of the structure and functioning of the American economy. Emphasis on basic economic institutions and factors that determine national income and employment levels. Consideration given to the macroeconomic topics of national income, unemployment, inflation and monetary and fiscal policies. Prerequisites: None, but some elementary algebra is helpful along with strong reading and critical thinking skills.

COURSE GOALS: To understand and apply general macroeconomic principles as they relate to output, employment, income and prices in a capitalistic economy.

COURSE OBJECTIVES: By the end of this course, students should be able to:

1. Understand and manipulate economic models that show fluctuations in output, employment, income, and prices.
2. Understand and describe the roles that government plays in a modern economy, with particular reference to monetary and fiscal policy.
3. Understand and describe the political and philosophical dimensions of economic theory and policy.
4. Illustrate the strengths and weaknesses of economic statistics in such areas as GDP, unemployment, inflation, and productivity.
5. To understand the role that culture plays in our economy; to appreciate the impact that cultural diversity has on economic theory and policy.

REQUIRED TEXTBOOKS AND MATERIALS:

1. *PRINCIPLES OF ECONOMICS,* by Ruffin & Gregory, Sixth Edition
2. Five Scantron sheets (882-ES)
3. Cultural diversity materials (provided by instructor).
4. Term subscription to Wall Street Journal

RECOMMENDED MATERIALS:

1. Study Guide that accompanies the Ruffin & Gregory text.*

2. Two or three colored pencils and a ruler.

* Highly recommended for those students that need help with graphing.

EXAMS

There are four unit exams in the course. Each exam will consist of 25 multiple choice questions, will take approximately 50 minutes, and will be based on three to five chapters of textbook material. Because of this, class attendance is critical for successful course completion. Exams will cover the following chapters:

* First Exam: Chapters 1 – 4
* Second Exam: Chapters 23– 27
* Third Exam: Chapters 28 – 31
* Fourth Exam: Chapters 32 - 34

There will also be a lengthy take home **EXAM** that will cover chapters 1-4, 23-31. This exam will contain 100 questions; you will be given one week to complete it. The exam will be distributed around the twelfth week.

GROUP WORK

Throughout the semester we will be doing approximately 20 to 25 group exercises that explore the role that diverse cultures play in economic theory and policy. Each exercise will also be accompanied by essay questions.

WRITING ASSIGNMENT

Two three to five page papers are required. The papers should be typewritten and double spaced. The two topics include:

- CULTURAL DIVERSITY: From the 20 to 25 cultural diversity exercises that we have done in class, select any five essay questions and then address the topic from your cultural perspective.
- CURRENT EVENTS: Select a current (no more than one month old) article from the *Wall Street Journal* . The article must be directly related to the topics discussed in the course.

Papers are due December 3r^{d}. Papers submitted after that date will suffer a one letter grade reduction. No papers will be accepted after December 8th. Grading criteria will focus on (1) grammar and composition and (2) content as exemplified by how well you *integrated* the current event/cultural diversity issue with lecture/text material.

ATTENDANCE POLICY

Class attendance is expected and roll will be taken. If a student is absent in excess of class policy, a withdrawal notice may be initiated by the instructor. This is defined a twice the number of times a class meets. **A telephone call is not an excused absence**.

Students are also expected to be on time for class. Students that are chronically late may be either asked to withdraw or to make other arrangements.

DISABLED STUDENT RESOURCES

Every reasonable effort will be made to accommodate disabled students. Students that require special assistance and/or accommodations should register with the Disabled Student Resources Center (845-3080) and should see me at the beginning of the semester.

MAKE UP EXAMS

Given at the privilege of the instructor. Students must write a letter explaining the reason. Make up exams are taken at the Learning Assistance Center. A 10 percent grade reduction will be assessed on all makeup exams.

TUTORING

Tutoring is available in the Learning Assistance Center (LAC). The LAC is located in LB-45. The LAC also has printed material to help you in the areas of test taking, time management, successful text usage, etc.

WITHDRAWALS

If you decide to drop the class, remember that it is your responsibility to complete all necessary forms with the Registrar. Failure to do this could result in your receiving a failing grade for the course.

SYLLABUS REVISION

Every attempt will be made to follow the course outline and requirements. Should time be a problem, some material and requirements may be omitted.

CLASSWORK

1. The assignments for the entire semester are indicated on the "Course Outline." You should complete the study of the assigned material <u>before</u> coming to class.
2. It is suggested that you read each chapter **three** times. *Assignments assume a minimum of 6 to 9 hours of preparation per week.*
3. Many of your class sessions will be devoted to lectures on the assigned material, so it is strongly advised that you keep well organized notes. You should review your notes before AND after class. Taping of lectures is not permissible, so plan on taking notes!

GRADING SCALE AND SYSTEM

TASK	POINTS
Four Unit Exams, 100 points each equals	400 points
Take Home Exam, 100 points equals	100 points
Writing Assignments:	
Wall Street Journal Article	50 points
Cultural Diversity Essays	50 points
TOTAL POSSIBLE POINTS EQUALS	600 points

POINTS EARNED	GRADE
540 to 600	A
480 to 539	B
420 to 479	C
360 to 419	D
Below 360	F

COURSE OUTLINE

Week Beginning	Assignment	Topic
August 23	Chapter 1 PRE ECON CD EX.	Definition of Economics
August 30	Chapter 2 CD EX 5-9	Scarcity & Choice
September 6	Chapter 3 CD EX 10-13	The Price System
September 13	Chapter 4 CD EX 14-15	Supply & Demand
September 20	Chapter 23 CD EX 16	Business Cycles/Unemployment
September 27	Chapter 24 CD EX 17	GDP
October 4	Chapter 25 CD EX 18-20	Saving and Investment
October 11	Chapter 26	Economic Growth

COURSE OUTLINED, CONTINUED

WEEK BEGINNING	ASSIGNMENT	TOPIC
October 18	Chapter 27 CD EX 21-23	Aggregate Supply/Demand
October 25	Chapter 28 CD EX 24	Money & Prices
November 1	Chapter 29 CD EX 25	The Banking System
November 8	Chapter 30 CD EX 26	Monetary Policy
November 15	Chapter 31 CD EX 27	Fiscal Policy, Deficits
	TAKE HOME EXAM	
November 22	Chapter 32	Inflation
November 29	Chapter 33 CD EX 28	Unemployment & Stagflation
December 3	PAPERS DUE	
December 6	Chapter 34	Business Cycles
December 13	FINAL EXAM WEEK* (See attached sheet for time, date.)	
	HAVE A GREAT HOLIDAY!	

* For those students who need their final grade quickly: On final exam day, if you give me a stamped, self addressed postcard, I will send your grade to you ASAP.

Michael C. Petrowsky
Faculty, Economics
Glendale Community College

STUDENT CONTRACT – ECONOMICS 111

I have received the syllabus for the course *Macroeconomic Principles*. Course requirements were explained. The instructor also explained the requirements concerning attendance, class participation, makeup exams, and submission of late assignments. I understand that my successful completion of this course (that is, an A or B grade) will normally require consistent, timely, classroom attendance as well as a minimum of 6 to 9 hours of preparation per week.

_____ _____

Student Name DATE

_____ _____

Section TIME

STUDENT RECORD FOR ECONOMICS 111

FIRST EXAM	_____
SECOND EXAM	_____
THIRD EXAM	_____
FOURTH EXAM	_____
TAKE HOME EXAM	_____
WSJ PAPER	_____
Cultural Diversity Essays	_____
TOTAL PTS.	_____

NOTE: It is the student's responsibility to keep test and paper records for the duration of the course.

V.

BIBLIOGRAPHY

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Heilbroner, Robert., and Miberg, William. **The Crisis of Vision in Economic Thought**. Cambridge University Press. 1995.

Plattner, Stuart. ed. **Economic Anthropology**. Stanford, California: Stanford University Press. 1989.

Sahlins, Marshall. **Stone Age Economics**. Hawthorne, NY: Aldine de Gruyter. 1972.

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